

BRUNING STATE BANK

FDIC

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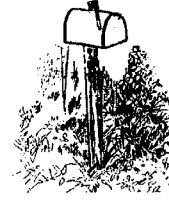
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Hebron Branch 402-768-7473 or 1-800-405-6167

Bank of Broken Bow 308-872-2757 or 1-877-872-2757

A Branch of Bruning State Bank • Broken Bow, NE



**YOUR
COUNTRY
BANK**



Ho-Hum Banking. . .

As I get a little more mature after 40 years on the job, I can't help thinking how simple farming, banking, and life used to be. After all, I came into the Bank off the farm at 38 years of age. My learning curve was probably on its way down, but employees and customers were kind to me.

A typical day for me back then might run like this: local farmer Ed Deepe sold hogs, came in to share how well they did, and made a statement that hogs will never be that high again. Area cattlemen Lester Kennel, Wayne Houchin, Ben Saltzman, and John Stofer would discuss the cattle market and remark that feeders were too high. Another area farmer Dail Priefert wanted to trade tractors, but was cautious in making the decision because of interest costs. A lot of conversation took place before deals were made, but decisions on drilling irrigation wells were simple—"Do it."

All of these gentlemen had vivid memories of the Depression and understood how any debt at that time was like a rock around the neck. So making a decision on any farming expense was really discussed and thought out very carefully. It was a new era and the opportunity to expand was "here and now". The 1960s gave people a chance to spread their wings, but the 1980s brought many heartaches and reversals of fortune.

Today in banking, technology is exploding and while I recognize that we need to have Internet banking, lines of credit, and many other technological gimmicks, I cherish the "Ho-Hum" days when there was more of a chance to personally visit one-on-one. Talking things out with a banker, good friend, or with family does help in decision making.

Old Proverb "Man who shoots from hip also many times shoots himself in foot." Don't let technology overwhelm you - do a little "Ho-Hum Banking" once in a while!

*Banker Frank
Frank L. Bruning - President*

Irrigation Regulation Awareness. . .

LB 962 is the water regulation law devised by the Water Policy Task Force. LB 962 was adopted by the legislature last year and will be fully implemented statewide in January 2006. Because of how LB 962 may be integrated, water irrigators may want to take action to protect their existing rights today. Here are a few thoughts you may want to keep in mind:

*Make sure all your wells are registered with the state. You can call Department of Natural Resources at (402) 471-0576 to check the status of your wells.

*Call your county assessor and make sure all tracts of land you irrigate are registered at the office under irrigated acres, not dryland. Some NRD's (Natural Resources District) are using this as their criteria.

*Make sure this growing season that you put water on every acre of land that you plan on irrigating in 2006 and beyond.

*If you have land that you have planned someday to irrigate with groundwater, consider getting a permit now from your NRD and get the well put in.

*Finally, start attending all meetings of your NRD. Irrigation allocation and regulation is going to affect most of you who irrigate. Talking to your NRD representative and going to the informational meetings is more important now than ever.

*Fred D. Bruning
Executive Vice President*

Husker Harvest Days. . .

Husker Harvest Days in Grand Island will be September 13-15. We will again this year, with joint effort between Bruning State Bank and the Nebraska Bankers Association, be offering tickets at no cost. It will be on a first-come, first-serve basis. Please let a Loan Officer know if you are interested in attending!

Adaptability through Adversity. . .

High fuel, fertilizer prices, and drought create adversity. Adversity dictates the need to change. Remember back in the early to mid 80's when fuel and fertilizer were high-priced, probably more so than today's prices would equal. The high input prices dictated that to make the operation work, costs had to be reduced. Ridge-till was one of the answers. At least two to three operations were eliminated and these were high fuel consumption operations. The elimination of trips over the field reduced fuel costs by approximately 50%. Fuel distributors really noticed a reduction in sales at that time.

Irrigation engines and pivots have changed. Basically gone are the higher horsepower fuel guzzlers needed to run high pressure pivots, having changed to engines that use half the fuel to run low pressure pivots. The advent of roundup-ready beans coupled with no-till drills and roundup-ready corn have virtually eliminated the need for most cultivations in dry land and pivot irrigation giving rise to what could be a true no-till method of farming.

What's on the horizon to increase efficiency and cut costs? A greater trend towards reduced tillage coupled with GPS grid fertilization, seeding and guidance systems will probably be the next new methodology to be adapted. Almost all things that require change to increase efficiency and productivity require added cost in equipment. Be sure to weigh the cost differences of how and if technology can add to the bottom line before you make any big changes. Sometimes, depending upon your operation, you cannot afford change.

An excerpt from the book First Principles of Soil Fertility by Alfred Vivian seems to cover the philosophy for today's farmer. **"Farming is a business, and the successful farmer must be first of all a businessman. He follows his vocation primarily for money he can make, and like other businessmen should aim to get the greatest possible returns for the money invested. To succeed he must be thoroughly acquainted with every detail of his operation, and must strive to stop all leaks and prevent needless waste. At the same time he must bear in mind that it is a good business principle to spend a dollar only if he can see that it will come back to him with interest."** This book was written in 1908, the basic principle of the business of farming really hasn't changed in the last 100 years. Cost controls, properly applied technology changes and marketing are still the means to increase the bottom line.

Larry Olson – Vice President & Loan Officer

Online Country Banking and Bill Payment. . .

Over the last 4 years we have made reference to and discussed information and ideas about Internet banking and bill payment. We are now ready to offer this service.

We are scheduled to begin software installation the week of August 8th, 2005. Our employees will have access for the first few weeks for testing; this will ensure we have all available options and benefits ready for your use on **September 15, 2005**.

Online banking—Transfer funds between your checking accounts, check balances and review transactions. Do all these functions at one place using the same password. Move money from account to account (some restrictions apply to savings and money market account transfers).

Bill payment—gains you convenience and control when paying your bills. Instead of writing checks and buying stamps, you can pay virtually anyone, anytime, anywhere you have Internet access. If you are like me, you are spending 37 cents for a stamp, 4 cents for an envelope and 5 cents for a check to pay your bills or approximately 46 cents to pay your individual bills. We offer a cost effective and convenient alternative to the writing of all those checks. Pay anyone you'd normally pay by check (any company or individual in the United States.) Set-up one time or recurring payments—days, weeks or months in advance.

Bill payment works very simply—you let us know whom to pay and when, and we take care of the rest. Make payments from any of "Your Country Bank" checking accounts. (For bill paying we are beginning with personal accounts for the first couple of months to get our systems ready for the higher volume business/commercial usage).

Sign up is easy, call us at 1-800-403-5889 or 402-353-2555 or visit any bank location to request us to send to you or print off the website (www.bruningbank.com) an **"Online Country Banking and Bill Payment (Internet) Agreement."** Please review the terms and conditions in this agreement, this will be the governing document for these new services. We require that this agreement be signed and returned to us via United States Postal Service (USPS) mail or you can come in to any location and complete.

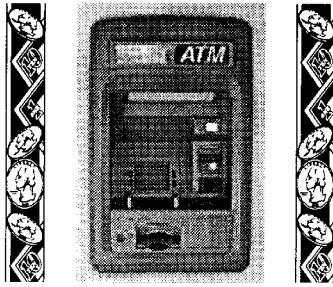
There is no cost or fees associated with online banking—online banking activities are transfers between accounts and account inquiries.

There is a fee for the online bill payment service—the first two months are free*, after that period, in any checking account that you attach to online bill paying that maintains a \$5,000.00 minimum balance during the statement cycle period will receive free bill paying service. If your minimum balance falls below \$5,000.00 the fee will be 50 cents per bill payment.

We are excited to offer these new services and look forward to working with you and your family.

Jerry

*First 2 months free promotion ends December 31, 2005.



New ATM In Bruning. . .

There is a new ATM in Bruning! Just to the left of the front door is where you will find our new walk-up ATM. We no longer have the drive-up ATM, but its replacement will not only be easier to use, you can actually read the instructions on the screen. Gone are the days of squinting to read what the machine is asking you to do or having the machine eat your card because it is either too hot or too cold. So next time you need cash and the bank is closed, stop by and try out the new ATM, once again located just left (to the west) of the front door of the bank.

Health Savings Accounts. . .

Beginning in August, we will be offering Health Savings Accounts at the Bruning State Bank and at our branches in Hebron and Broken Bow. The Health Savings Accounts (or HSA, as they are referred to) are available to those people who have a high-deductible health insurance policy (meaning an individual with a deductible of \$1,000 or more is eligible for an HSA). For families, the deductible needs to be \$2,000 or greater.

Customers may put money in an HSA to cover out-of-pocket medical expenses that may occur during a calendar year. There is a limit on the amount one may contribute, based on what type of plan you have and the age of the customer. The money in these accounts grows tax-deferred and when the money is withdrawn to pay for qualified medical expenses, the money is taken out tax-free. Unlike the Medical Savings Accounts of the past, the money does not have to be used during the year; it can continue to accumulate over the years that you have a high deductible health insurance policy.

Stop in and talk to one of our friendly staff members if you are interested!

Stephen Hoff – Investment Representative

Be Careful About Running With The Herd. . .

While no one has all the answers on what to invest in, or when to invest, there are some basic rules that seem to hold true year-in and year-out, such as investing in things you know something about. It makes sense, if you have knowledge about a product, service, or business, to leverage that knowledge to help you avoid trouble. Another basic rule

is don't put all your eggs in one basket. This, too, is a good basic rule, as investing in only one type of investment is risky; trouble in that industry affects all your investments' performance.

Another common rule is never do what everyone else is doing. While this may be good advice, sometimes it is hard advice to follow. Just look at the tech stock run-up in the stock market. Common sense would have told you that the run-up couldn't last forever, that eventually those companies would have to start being priced off of earnings, but the investors continue to buy these stocks because of their large increases in value.

With the losses that occurred in the stock market the last few years, now many investors are turning to real estate as the investment to be in because of the 15% to 20% increases in value they have returned the past few years. Is the real estate market now getting oversold? Will the price of real estate (commercial, residential, and farm) eventually have to go down to a more realistic price, closer to what the properties earning potential is?

An old college friend's dad once told me that he attributed his success in the ranching business to always doing the opposite of what everyone else was doing in the cattle business. He said, "When cattle are high and everybody wants them, I sell down; when cattle are cheap and no one wants to own them, I buy a lot of cattle."

Beware of running with the herd. Just because some investment is popular doesn't make it a good investment. It holds true for real estate, cattle, and many other investments.

*Darrell Raum – Senior Vice President &
Credit Supervisor*

Get Paid to LIVE!

Term life insurance helps protect your family in the event of your untimely death for relatively low cost for 15, 20 or 30 years. During the policy term, should you die while the policy is in force, your family will be paid the face value of the policy. This allows your loved ones to pay off any debt you may currently owe. Life insurance could prevent your family from losing everything after your death and the loss of your income.

What happens though if, at the end of the term, you are still alive? Value Term Return of Premium (ROP) pays you if you live to the end of the term period.

Now is the time to protect your family. With ROP you have nothing to lose but your family might if you don't have adequate coverage. Let us help you evaluate how much life insurance coverage you need.

*Fred Kobza, Jeff Hammer & Stephen Hoff –
Life Insurance Agents*

*Not FDIC Insured *Not a guarantee of the bank **Not a deposit of the bank
*May go down in value *Not insured by any federal government agency

Home Sweet Home...



We want to help you feel comfortable and confident in your new home. Whether you are building, buying or refinancing your home we want to help. We have **great low interest rates and competitive terms to fit your needs!** Count on us to keep you comfortable!

FDIC



Snap, Crackle, Pop...

I used to associate those words with breakfast cereal instead of when I get out of bed in the morning. I find myself limping along those first steps as I go to the sink to take my ever-growing number of prescriptions (that is, if I can remember to take them). I seem to have trouble remembering why I went into a certain room let alone what I went to do or get. Sometimes I think of things that happened a long time ago, but I can't remember what I did yesterday or even an hour ago. Stairs are getting steeper and the floor keeps getting lower when I have to pick something up. I found some quotes on the Internet that I could relate to and would like to share them with you:

-I finally got my head together; now my body is falling apart.

-Funny, I don't remember being absent-minded.

-If God wanted me to touch my toes, he would have put them on my knees.

-These days I spend a lot of time thinking about the hereafter... go somewhere to get something and then wonder what I'm here after.

-By the time you find greener pastures, you can't climb the fence.

-Your secrets are safe with me and all my friends—none of us can remember.

-You know you're getting old when you stop to think and forget to start again.

The bank is also growing older, but we have been adding on, remodeling, and expanding. We have added on to the present main bank building numerous times. Most recently, some offices were remodeled, some offices were added, due to remodeling, and a new boardroom and a supply room were built onto the back of the bank. With all the changes, you may not find the person you want to see

in the same place anymore. I had trouble with that and I'm here all the time.

Not only has our main site grown, but over the years we have added a branch in Hebron and most recently in Broken Bow. We have updated our bookkeeping system from hand-filing checks to bulk filing and, most recently, to imaging. Our records are now filed on a Windows-based optical system and permanently stored on compact discs instead of a paper storage system.

Soon we will be offering the services of Internet banking and bill-paying. We try to keep improving and expanding our services to keep up with present technology, but we still offer personal service. If you have any questions about your account or statement please come in or give us a call. You will get to talk to a real person.

I would like to leave you with "The Senility Prayer":

God, grant me the senility to forget the people I never liked anyway, the good fortune to run into the ones that I do, and the eyesight to tell the difference.

BOOKKEEPING—

Janice Fintel, Pam Lemke & Carm Hinrichs

They Are Here!!!

If you are one of the many who have been patiently waiting for a safe deposit box, they are here! We do need to do a little preparation work before they are ready to rent out. To show appreciation to our customers, we will be offering a safe deposit box, rent free, for the remainder of 2005. Please stop in and see us if you are interested!

We are looking at sometime in September to roll out Internet Banking. We have had many of you asking for this product, so we are excited to be able to offer this to you.

The Custer County Fair is quickly approaching. Be sure and look for the Bank of Broken Bow employees in the annual fair parade and also serving at the Custer County Fair Bar-b-que!

Something that you probably didn't know is that we offer trust services and investment services through our parent bank at Bruning. If you are interested in learning more about these services, please stop in and visit with us.

For those of you that haven't heard, we have a new addition to our bank family. Janice Nozicka, her husband Dale and their son Devin were blessed with another little boy, Tyler Donald on June 3rd. Janice will be returning to work the first part of August. It will be good to have her back, but we know it will be hard for her to have to leave her little ones. Be sure and stop in and see her pictures. I'm sure she'll have a few!

Bank of Broken Bow Staff

Congratulations Buckaroos!

It's hard to believe our summer is wrapping up already! Soon it will be time to put away all the ball equipment and get out the bookbags. Despite all the busy schedules, you Buckaroos need to be congratulated on your outstanding efforts!

March 31st marked the end of our "We're Savin' Nebraska" campaign. As many of you know, we have spent the last two years trying to save up enough to put all 93 counties on the map (1 county = \$1,000). We were able to do that and more! Our final total was over \$95,000!!! Way to go Buckaroos!! In celebration of our accomplishment, two lucky Buckaroos were chosen to spend a day with their families at one of Nebraska's newest attractions—Island Oasis Water Park in Grand Island.

With one goal put to rest, it's time to move on to the next one. This year's theme will center around the release of the Nebraska State Quarter, which should be out sometime in April or May of 2006. Our overall goal is to save \$50,000 and reveal the quarter design on our posters before the actual release date. The posters that track our progress can be found in the lobbies of our Bruning and Hebron locations. Come in and check them out!

Enough of the serious stuff—I came across some pretty odd money facts the other day and I thought I'd pass them along to all of you.

- A stack of currency one mile high would use over 14 1/2 million individual bills.
- The approximate weight of a currency note, of any denomination, is one gram.
- If you had 10 billion \$1 notes and spent one every second of every day, it would take you 317 years to go broke.
- A piece of currency can be folded 4,000 double folds (forward, then back) before it will tear.

Until next time. . . Keep Saving!

Jami Fangmeyer—Customer Service

Consumers Beware!

Fraud, deceit, swindle, racket, scam, misrepresentation, deception—these are words that don't have a pleasant ring to them. Even worse than hearing the word is having this particular deed done to you!

Every day, someone will fall prey to one of these deeds. Telemarketing fraud alone will cost Americans about \$40 billion a year! It has become one of the best tools for scam artists to create confusion and deceive their victims. However, there are other types of fraud. Examples are home repair fraud, sweepstakes fraud, investment fraud, charity fraud—the list continues.

Following is a list to avoid many of these scams:

- Don't buy from unfamiliar companies.

- Take time making purchase decisions and consult a family member or friends.
- Never send money or provide credit card information unless you are sure the company is legitimate.
- If a company asks for your payment to be sent overnight or by courier, be suspicious.
- Be wary of companies who offer "free" gifts, vacations or other prizes. There are usually excessive "handling" or other charges.

Home repair:

- Never let a door-to-door person inspect any part of your property. If you do, get ID and a phone number to verify that they are who they claim to be.
- Make sure your home actually needs repairs.
- Get written estimates from at least three different sources.
- Get a list of references along with each estimate.
- Do not sign a completion certificate until you are certain the work is actually complete.
- Do not make final payment until you are satisfied with the work.

Sweepstakes:

- Remember that if you have really won a prize, there should be no strings attached.
- Watch out for "official-looking" features such as claim numbers or other tricks.
- The name of fraudulent companies can sound close to the name of reputable ones. Always double-check to make certain you are dealing with a legitimate company.
- Make certain you are not buying something (for example magazines, vitamins, long-distance phone service, etc.) when you register for a prize or sweepstakes.
- If asked to call a 1-900 telephone number to redeem your prize, remember that you will pay for all 1-900 calls, and this can amount to a substantial telephone charge to your account.
- Be suspicious if you are asked to give a credit card number or checking account or savings account number over the phone or pay shipping and handling.
- Always be a little skeptical anytime you win anything. The odds of winning most legitimate sweepstakes or prizes are very slim, so be sure to do your homework before accepting any prize.

The final word is "BEWARE"! If it sounds too good to be true, chances are it may be a scam!

*Cheryl Houser, Jan Bentley, Deb Schultz &
Nancy Lahners—Customer Service*

"Special Thanks" to the many customers, family and friends who sent greetings and prayers, dropped by with food, gave me a phone call, or stopped by to chat during my illness. I'm back to work in the afternoons and hope to be back full-time real soon. I work for the kindest people and live in a wonderful, caring community. May God bless each and every one of you!!

Mabel Hogeland

We're Still Traveling. . .

We still have a few seats available for the one-day trip to Omaha on September 15th for dinner "aboard the Titanic"! We'll be making a "sweet stop" at Baker's Chocolate and then on to Omaha, where our shopping and lunch stop will be in the Historic Old Market area. Next, we will tour the Joslyn Castle, a Scottish baronial-style home that was built in 1902. The Castle is known for its elegant woodwork and beautiful stained glass. Next, an elegant evening awaits us at the beautiful Renaissance Mansion where you will be treated to a re-created, authentic eight-course meal that would have been served with all the elegance and finery of the Titanic. You will step back in time—from bon voyage to happenings from that fateful night. Relive the history on the high seas for this one-of-a-kind tour. Please let us know by August 9th if you have an interest in this trip.

The travel company that we work with has additional travel destinations for the year and we invite you to come in and look over their brochure. Give us a call if you have any questions; we would love to have you travel with us!

*Pat Hobbs, Sarah Miller & Mabel Hogeland
Group Travel*

So What's A Trust And Do I Need One?

Trust – A legal device used to manage real or personal property, established by one person (grantor or settlor) for the benefit of another (beneficiary). (See trustee.)

Trustee – A person responsible for managing a trust and administering assets as dictated by the trust documents.

A Last Will and Testament, a Revocable Living Trust Agreement, and a Living Will are three of the most important documents most adult Americans should have and understand.

Living Trusts

The biggest benefit of a living trust is to avoid probate court, the costly process required when property is inherited from a will which can last as long as three years and take up to 10% of the estate's value. For this reason, it's common—and smart—to transfer into a living trust those assets that are expensive to probate, such as real estate and securities.

Say, for example, probate fees on a \$200,000 estate cost \$20,000. If the successor cannot afford the fees then the entire estate, or portions of, might need to be liquidated. Probate fees are mandatory and are taken from the estate before any assets are distributed; however a living trust is not subject to probate, while a will is.

You can place your assets into the Living Trust Agreement

while you're still alive. When you pass away, your assets will automatically transfer to your heirs without going through what can be a time-consuming and expensive probate court system. You can add to the living trust or revoke it entirely, any time you wish.

What Are Some Advantages Of Using A Living Trust Instead Of A Will?

- Avoidance of probate
- Avoidance of some administrative expenses
- Avoidance of unnecessary delays
- Avoiding restrictions on bequests of property
- Avoiding publicity of probate matters
- Uninterrupted Management by incapacity
- Avoiding will contests
- Tax savings, in some situations
- Property management
- Assurance of uninterrupted income and more.

Living Will and Durable Power Of Attorney For Health Care:

Decisions can be made now regarding your medical and financial situation should you become incapacitated later. Your financial care plan should include Living Will and Durable Power of Attorney forms for both financial and health care.

A living will or (advanced medical directive) is a legal document that is prepared while a person is mentally competent. This document dictates a person's wishes to be kept alive, or not kept alive on life support equipment after a serious illness or accident.

A durable power of attorney for health care and finances is a legal document which authorizes one (or more) person(s) to act on behalf of the individual granting the power of attorney to make financial, and/or medical decisions on the individual's behalf should the individual become incapacitated. ("Durable" means the power of attorney survives if the individual preparing it becomes incapacitated. If no durable power of attorney is prepared, and the individual becomes incapacitated, the court will appoint a guardian or conservator to make the decisions.)

Should You Have And Use All of These Documents?

The answer to that question is likely YES. All three work together to satisfy your various estate-planning needs. The Living Trust Agreement allows your assets to transfer directly to your heirs without the time and expense of probate court. The Last Will and Testament covers property not in the Living Trust—without a will the court decides the outcome of those assets. You can also designate who will be the guardian of any minor children with your will. The Living Will or advanced medical directive allows you to dictate and express your wishes should you become seriously ill.

Please contact the Bruning State Bank Trust Department for more information. Our Trust Committee consists of Darlene Reinsch, Frank Bruning, Fred Bruning, Renee Dowdy, and Janet Germer.

Trust Department

Crop Insurance Claims Reminders. . .

Questions are being asked about the possible crop losses we may incur this year due to the drought conditions, and about chopping corn for silage. Farmers Crop Insurance Alliance has given us some claims reminders regarding various situations and we want to pass these on to you.

If you plan on destroying any acres or chopping for silage:

#1 – *Let us know first!* We will report a loss on the appropriate unit(s).

#2 – If an adjuster cannot make a timely appraisal of your field, he will ask you to leave representative strips at least 10 feet wide and the entire length of the field. A representative strip for every 25-30 acres is required. These strips must not be destroyed or harvested until after an appraisal has been completed.

Soybean Rust procedures:

Let's just hope this isn't an issue for us this year! But if it should show up in our area, documentation and treatment are the keys to complying with your crop insurance policy. You will want to document the discovery of the disease, any recommendations received from agricultural experts, and actions taken regarding the application of appropriate control measures. Also, be sure to let your agent know!

CRC policyholders:

Depending on what prices do this fall, it is possible that at harvest the yield of the crop will exceed the guarantee, but may still trigger a revenue loss. Be sure to keep production separate by unit and have the supporting documentation in the event there is a loss.

All policyholders:

It is always important to keep accurate production records, but especially in a dry year like this. Review your schedule of insurance to see how your farmland is split up into units and keep complete production records by unit!

If you have any additional questions concerning your MPC or CRC coverage, please don't hesitate to call or stop in.

Craig Pope, Jeff Hammer, Kathy Roberts & Shari Fischer – Crop Insurance Agents

*Not FDIC Insured *Not a guarantee of the bank *Not a deposit of the bank
*May go down in value *Not insured by any federal government agency

Identity Theft & Fraud Don't Become A Victim!!!

"Identity Theft and Identity Fraud Expenses Coverage" is now available and can be added to your homeowner's policy. The coverage will help pay the "expenses" involved as a direct result of identity theft or fraud. Covered

expenses include long distance telephone calls, certified mail, notarizing documents, lost income, reasonable attorney fees associated with the identity fraud, and loan re-application fees. Loss other than "expenses" is not covered.

You could become a victim if your personal data, including your Social Security number, bank account or credit card number, telephone calling card number, and other valuable identifying data, falls into the wrong person's hands. With enough identifying information, a criminal can take over your identity to conduct a wide range of crimes. A victim's loss may include not only out-of-pocket financial loss, but also substantial additional financial costs trying to restore his or her reputation and correcting erroneous information.

Take precautions to protect yourself from identity theft:

*Watch for "shoulder surfers" that watch from nearby as you punch in your telephone calling card or credit card number. They could also listen in as you give your credit card number over the telephone.

*Some criminals engage in "dumpster diving"—going through your garbage to obtain copies of your checks, credit card or bank statements, or other records that typically bear your name, address, and even your telephone number. Be sure to shred or tear up "pre-approved" credit card applications and other documents that contain personal information.

*Have your mail delivered to a place where others do not have ready access to it, as criminals may simply intercept and redirect your mail to another location.

*The Internet provides another appealing place criminals use to obtain identifying data, such as passwords or even banking information. Don't respond to "SPAM"—unsolicited E-mails that promise some benefit but request personal identifying information.

*Remember the word "SCAM"

"S"—Be STINGY about giving out your personal information to anyone unless you have a reason to trust them.

"C"—CHECK your financial information regularly and look for what should be there and what shouldn't.

"A"—ASK periodically for a copy of your credit report.

"M"—MAINTAIN careful records of your banking and financial accounts.

The "Identity Theft and Identity Fraud Expenses Coverage" will not prevent you from being a victim of identity theft, but it can help with those additional expenses should you become a victim.

Please give us a call or stop by our office if you would like to add this coverage or if you would like additional information.

Fred Kobza, Kathy Roberts & Kristen Monteforte – Insurance Department

*Not FDIC Insured *Not a guarantee of the bank *Not a deposit of the bank
*May go down in value *Not insured by any federal government agency

Next 5 Biggest Mistakes New Parents Make. . .

Here are the Top 10 Biggest Mistakes new parents make when it comes to their finances; the second five will be covered in this newsletter.

1. Skimping on Life Insurance.
2. Shrugging Off Disability Insurance
3. Buying Life Insurance for Baby
4. Delaying Saving for College
5. Forgetting About Retirement Savings
6. Postponing a Will
7. Overspending on Baby Costs
8. Overlooking Tax Benefits for Parents
9. Saving in a Child's Name
10. The Work vs. Stay-at-Home Question

(To recap, the top five mistakes were discussed in our last issue; taken from Karen Hube's MSN article, which discussed financial issues that arise with the arrival of a new baby.)

Postponing a Will: A will is essential if you have a child to designate a guardian for. Otherwise, if you and your spouse die prematurely without a will, a court will appoint guardians for your children. These may be two different people; sister Jane may be a great mom, but she may not be good with money. What if you want your sister to take care of your kids but for some reason she's not able? Select an alternate as well.

Overspending on baby costs: Did you know raising a child through the age of 18 will cost about \$250,000 if your household income is more than \$65,800? Most seasoned parents admit their most irresponsible spending occurred in their children's earliest years. Before you start a nursery, come up with a spending plan keeping in mind that many

of the items will be used only about a year. You can give a lot to your kids while still being responsible.

Overlooking tax benefits for parents: Take advantage of tax breaks for parents such as the ability to sock away up to \$5,000 of pretax money for childcare through an employer-sponsored savings program called flexible spending arrangements (FSAs). There is also a child-care tax credit if both spouses work and a child is under age 13. You can't use both the FSA and the credit, so choose the FSA since it yields the biggest break. Another tax perk is the \$1,000 annual child tax credit for children under 17. Couples filing jointly, with one child, earning less than \$110,000, can claim the full credit. Please note that a tax credit is better than a deduction because the credit is a dollar-for-dollar reduction of your tax bill.

Saving in a child's name: Many parents try to earn more tax savings by opting a savings account in their child's name which will be taxed at the child's lower tax rate. But once your child turns 18 or 21 (depending on the state you live in), "that money is irrevocably the child's money" and will reduce the amount of college financial aid the child is eligible for. If the money is for college, invest in a 529 plan or a Coverdell IRA.

Oversimplifying the work vs. stay-at-home question: If the spouse earns only enough to cover child care costs, staying at home may make sense. But do not overlook benefits provided by your employer which may be worth about 35% of your salary. Compare what it will cost to replace the benefits you need if you leave your job. Don't forget about saving commuting expenses and the cost of work clothes.

For more information or to obtain Life and Disability Insurance quotes, please contact Fred Kobza, Kathy Roberts, or Jeff Hammer.

Craig Pope – Hebron Branch President

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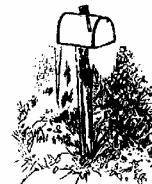
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